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Perspectives on Military Sales to Saudi Arabia. ID-77-19A; B-165731. October 26, 1977. 43 pp. + 7 appendices (7 pp.).

Report to the Congress; by Robert F. Keller, Acting Comptroller General.

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Contact: International Div.

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Congressional Relevance: House Committee on International Relations; Senate Committee on Foreign Relations; Congress. Authority: Aras Export Control Act (P.L. 94-329).

Saudi Arabia is a major U.S. military sales customer. The United States has assisted Saudi Arabia in defining its defense needs, which, in the absence of an imminent threat, appear to be to protect its borders and oil fields. Through sales of construction expertise, equipment, training, and management, the United States is helping to develop Saudi armed forces to meet these needs. Saudi Arabia is vital to the United States for political, economic, and geographical reasons. Findings/Conclusions: From fiscal year 1950 through September 30, 1976, U.S. military sales agreements with Saudi Arabia totaled over \$12.1 billion. Construction represents the Largest part, or about 63%, cf total foreign military sales to Sardi Arabia. The Corps of Engineers manages military sales construction. Continued involvement can increase U.S. influence in Saudi Arabia and provide increased opportunities to U.S. contractors and businessmen. U.S. involvement in Saudi Arabia's armed forces modernization program will continue for several years and may increase in magnitude. In defining Saudi Arabia's defense requirements, DOD has not explicitly included the capabilities of all Saudi forces. as of March 1977, 912 DOD personnel and approximately 2,961 contractor personnel were involved in providing management, training, and services for Saudi Arabia under military sales agreements or commercial contracts. Increa . are planned for the near future. The lack of Saudi personne, has impeded the progress of some modernization programs. The continued U.S. presence could be important to U.S. security objectives. Recommendations: In reviewing any future S idi Arabian request for additional aircraft, the Congress should request the Secretary of Defense to provide information on the progress the country has made toward self-sufficiency in operating and maintaining its F-5 aircraft. The Secretary of Defense should have the U.S. military services include the national guard forces in future evaluations of Saudi Arabia's military needs. At the lime Congress is notified of a proposed sale, the Secretary of Defense should provide the estimated number of U.S. military personnel needed to carry out the sale and the impact on U.S. military preparedness of assigning such personnel. The Secretary of State should inform Congress at the time of a proposed weapons system sale of the level of future munitions support that may be required, such as air-to-air missiles and ammunitions for tank quns. (Author/SW)

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REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL OF THE UNITED STATES

Perspectives On Military Sales To Saudi Arabia

This is an unclassified version of a more detailed classified report. Saudi Arabia is a major U.S. military sales customer. From fiscal year 1950 through September 30, 1976, military sales to Saudi Arabia amounted to more than \$12 billion.

Over 60 percent of this amount represents the value of construction projects for which the U.S. Army Corps of Engineers has management responsibility.

Lack of Saudi personnel has impeded the progress of som, modernization programs, increasing the probability that U.S. personnel will be involved in Saudi Arabia longer than originally planned.



COMPTROLLER GENERAL OF THE UNITED STATES WASHINGTON, D.C. 20548

B-165731

To the President of the Benate and the Speaker of the House of Representatives

Saudi Arabia is a major U.S. foreign military sales customer. U.S. involvement in Saudi Arabia is expected to increase as the United States and its allies become increasingly dependent on Saudi oil. This is the unclassified version of the classified report which identifies the military hardware, training, and construction services sold to that country and analyzes the U.S. rationale for doing so. It contains recommendations to increase congressional oversight of the foreign military sales program in Saudi Arabia.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretaries of State and Defense.

> ACTING Comptroller of the United States

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

PERSPECTIVES ON MILITARY SALES TO SAUDI ARABIA Departments of State and Defense

DIGEST

From fiscal year 1950 through September 30, 1976, U.S. military sales agreements with Saudi Arabia totaled over \$12.1 billion. Sales began increasing in fiscal year 1972 and from then through September 1976 they amounted to about \$8.3 billion.

Saudi Arabia is important to the United States for economic and political reasons, in short because of its oil. Military sales must be viewed within the context of total U.S. interests in Saudi Arabia. (See p. 4.) Over the years, the two countries have enjoyed a good relationship and indications are that the Saudis as well as the United States want this to continue.

In the early 1970s, at the time of the British withdrawal from the Persian Gulf, Saudi Arabia began to modernize its armed forces. This has led to increased U.S. military sales and military involvement in that country, and this trend is expected to continue for the foreseeable future. (See pp. 8, 9, and 44.)

The United States has assisted Saudi Arabia in defining its defense needs, which, in the absence of an imminent threat, appear to be to protect its borders and oil fields; and through sales of construction expertise, equipment, training, and management, the United States is helping to develop the Saudis' armed forces to meet these needs.

In defining Saudi Arabia's defense requirements, the Department of Defense has not explicitly included the capabilities of all Saudi forces, particularly its national guard for which \$1.8 billion of construction, equipment, and training

ID-77-19A

projects are planned. To the extent that these forces were not considered, Saudi Arabia's overall defense needs, as defined by the Department of Defense, could have been overstated. These forces should be considered in future Department of Defense evaluations. (See pp. 8, 9, 10, 28, and 31.)

About \$42 million in military sales equipment for the Saudi national guard modernization program was being procured by the United States from foreign sources. (See p. 25.)

Construction accounts for over 60 percent of the value of U.S. military sales orders to Saudi Arabia, and is managed by the U.S. Army Corps of Engineers. Indications are that the Corps' role will expand and continue for several years. Such involvement can increase U.S. influence in Saudi Arabia and provide increased opportunities to U.S. contractors and businessmen. (See pp. 11 and 39.)

As of March 197?, 912 Department of Defense personnel and approximately 2,961 contractor personnel were involved in providing management, training, and services for Saudi Arabia under military sales agreements or commercial contracts. Increases are planned for the near future. (See p. 12.)

The lack of Saudi personnel has impeded the progress of some modernization programs, thereby increasing the probability that U.S. personnel will be involved in Saudi Arabia longer than originally planned. Though the number is presently small, demands for skilled U.S. military people to provide technical training to Saudi Arabia for operating sophisticated equipment purchased through the military sales program are increasing. Nonetheless, the continued U.S. presence in Saudi Arabia could be important to the attainment of U.S. security objectives. (See pp. 19 and 32.)

Physical controls to prevent the unauthorized use of military sales equipment and services in Saudi Arabia appear to be difficult, if not impossible, to achieve. An alternative to physical control of equipment may be to limit the amount of munitions sold in support of an equipment item, thereby limiting the potential impact of an arms transfer. (See pp. 41 to 41.)

RECOMMENDATIONS

In reviewing future Saudi Arabian requests for additional aircraft, the Congress should request the Secretary of Defense to provide information on Saudi Arabia's progress toward self-sufficiency in operating and maintaining its present aircraft. (See p. 25.)

The Congress should be aware that it could control, at the time the basic agreement is proposed, the sale of munitions needed by fighter aircraft and tanks to Saudi Arabia. The Secretary of State should furnish the Congress information on agreements and impleations related to the future sale of initions such as air-to-air missiles, air-to rurface missiles, ammunition for tank guns, and so on. This information should be furnished to the Congress at the time a proposal for sale of the relevant hardware is submitted to the Congress, to include the estimated days of sustained combat that the ammunition would permit. (See p. 43.)

To effectively assess the overall defense needs and capabilities of the Saudis, the Secretary of Defense should have the U.S. military services include the national guard forces in future surveys of defense needs. (See p. 30.)

The Secretary of Defense should notify the Congress of the estimated number of U.S. military personnel needed to carry out the proposed sale in the foreign country and the impact on the military preparedness

of the United States of assigning such personnel. (See p. 33.)

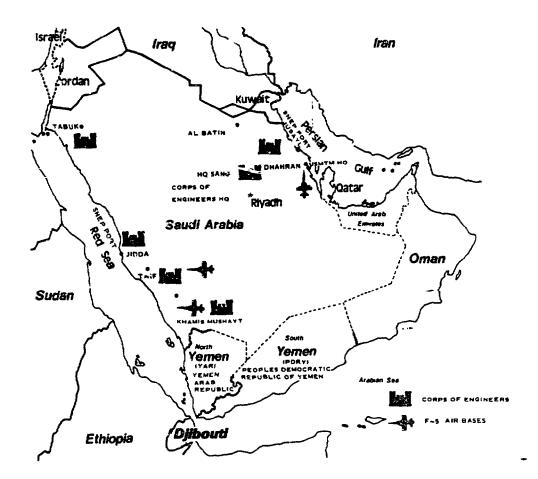
AGENCY COMMENTS

Defense found the report to be objective and factual but does not believe the recommendation relating to Saudi Arabia's progress in operating and maintaining aircraft is viable. GAO continues to believe this information would be valuable for congressional oversight of military sales.

Also, Defense said the capability of national guard forces have been adequately considered in recent surveys of coastal defense needs. GAO believes these forces should be included in all future surveys, not just those related to coastal defense.

The Department of State and the Arms Control and Disarmament Agency generally agreed with this report. The agencies' specific comments are addressed in GAO's classified report.

LOCATIONS OF MAJOR U.S. ACTIVITIES IN SAUDI ARABIA





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	ABBREVIATIONS	
DARCOM	U.S. Army Materiel Development and Readiness Command	5
DOD	Department of Defense	
FMS	foreign military sales	
GAO	General Accounting Office	
MAP	Military Assistance Program	
TOW	Tube-launched, optically quided wire missile	<u> </u>

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CHAPTER 1

INTRODUCTION

The Congress has become concerned over the rapidly increasing foreign military sales (FMS) to Persian Gulf countries over the past few years, particularly increased sales of sophisticated late-model aircraft and missiles to Iran and Saudi Arabia. Various moral and political questions have been raised regarding the wisdom of these sales to these countries; some of the more pronounced centered on whether such sales are "out of control."

Saudi Arabia's large military purchases have received increased attention in the Congress. Arguments have been advanced that the military threats confronting Saudi Arabia do not justify the large increase in sales in recent years. Further concern has been expressed that, through such sales, Saudi Arabia could become an arsenal for the Arab States against Israel. The State and Defense Departments, however, aver that Saudi arms purchases are consistent with U.S. evaluations of Saudi Arabia's defense needs.

This report offers a perspective on the U.S. FMS role in Saudi Arabia and identifies the magnitude of the U.S. commitment to furnish that nation with military hardware, training, support, and construction services.

SIZE OF FMS PROGRAM

From fiscal year 1950 through September 30, 1976, Saudi Arabia has signed over \$12.1 billion in agreements, as shown in the following chart. Since 1972, it has become a large purchaser of U.S. military hardware and related training and support services. In addition, the U.S. Corps of Engineers is providing management services for large-scale military construction projects. Most of the Saudi purchases have been cash transactions handled by the Department of Defense (DOD) under the Foreign Military Sales Act of 1968, now redesignated the Arms Export Control Act.

Table 1

Fiscal year	Value
	(000 omitted)
1950-66	\$ 3,588,521
1967 1968	124,472
1969	12,847 4,213
1970	64,854
1971	14,981
1972	459,356
1973	1,993,622
1974	1,906,701
1975	1,388,273
1976 (includes t	ransitional
quarter)	2,586,014
	\$ <u>12,143,854</u>

Note: Figures are rounded and do not include two Corps of Engineers projects executed prior to Dec. 1, 1975, a \$42.5 million TV project and a \$17.5 million water project. These projects were not executed under FMS agreements. Source: DOD.

The Corps of Engineers agreed to supervise and manage more than \$5.2 billion in construction facilities from fiscal year 1970 through September 30, 1976. Not all of this work was undertaken under FMS procedures; prior to December 1, 1975, the Corps accepted some contracts by means of letters and independent agreements which differed from DOD directives. Since that date, DOD has required the Corps to use FMS procedures as set forth in its instructions. Projected FMS agreements for fiscal year 1977 total \$700 million.

In addition, from fiscal year 1970 to 1975, Saudi Arabia ordered more than \$71 million in military hardware directly from U.S. commercial sources.

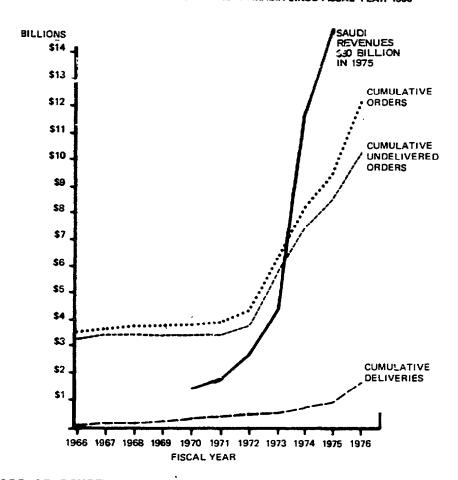
Undelivered orders

Cumulative sales orders have grown dramatically since 1972, but cumulative deliveries have not kept pace. (See chart on the following page.) From 1966 to 1972, undelivered orders averaged \$3.5 billion, but by 1976 they averaged \$10.4 billion. Since 1966, undelivered orders have exceeded deliveries due to (1) the increasing numbers of orders being

processed, (2) the long time involved for furnishing construction services, and (3) the nature of the items ordered, such as sophisticated missiles, artillery, tanks, and other armored vehicles. As a result, deliveries are made 2 to 5 years after orders are placed. During this period, Saudi Government revenues have continued to climb as the price of oil has sharply increased.

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GROWTH TRENDS OF FOREIGN MILITARY SALES ORDERS, DELIVERIES, AND UNDELIVERED ORDERS: TO SAUDI ARABIA SINCE FISCAL YEAR-1966



SCOPE OF REVIEW

We visited Saudi Arabia, and talked with U.S. officials involved with FMS, and reviewed military sales records, reports, and files. We also talked with State and DOD officials in Washington, D.C., and military officials at the United States European Command in Stuttgart, Germany.

CHAPTER 2

WHY THE UNITED STATES SELLS MILITARY

HARDWARE AND SERVICES TO SAUDI ARABIA

The growing U.S. Military commitment in Saudi Arabia is designed to support the U.S. foreign policy objectives of (1) insuring continued access to Saudi Arabia's tremendous oil resources and to its air space and ports, (2) encouraging a politically stable, moderate Saudi Arabia to play a constructive role in Middle East affairs, and (3) protecting U.S. access to the growing Saudi market for imports. Since the British withdrew from the Persian Gulf in 1971, U.S. policy has been to encourage Saudi Arabia and Iran to assume primary responsibility for the security of the Persian Gulf area. Although the imposition of the oil embargo against the United States strained American-Saudi relations, the United States maintained its long-term policy toward that country. ..ccording to the Defense Department, it is in the U.S. interest to encourage Saudi Arabia to continue to look to the United States as the primary source of guidance for modernizing the Saudi Armed Forces.

GROWING SAUDI POLITICAL INFLUENCE

According to an Embassy official, Saudi Arabia historically has not been influential in the politics of the Arab countries. However, its large oil reserves and its willingness to use oil as a political weapon in dealing with Western countries have catapulted it into a political leadership role among the Arab nations. Saudi Arabia's vast oil revenues have also made it a major financier of military and economic development in several Arab nations, including Egypt, Jordan, and North Yemen.

Politically, Saudi Arabia has been generally supportive of U.S. peace efforts in the Middle East and strongly opposed to communism and the expansion of Communist influence on the Arabian Peninsula. U.S. officials told us that, because of its influence, Saudi Arabia could play a major role in helping the United States attain its foreign policy objectives in the Persian Gulf and the Middle East, especially in Arab countries in which the United States has limited influence.

GROWING U.S. DEPENDENCE ON SAUDI OIL

Saudi Arabia is the world's leading oil producer and exporter and has about 25 percent of the world's proven oil

reserves. As a result, it can largely control the supply and price of oil exported to the United States and its allies—as evidenced by the 1973 oil boycott and subsequent deliberations by the Organization of Petroleum Exporting Countries on setting oil prices in December 1976. Saudi influence is based on the ability to vary production within a wide range and thereby be a decisive factor in the amount and price of oil available for the world market. For example, in 1975 Saudi Arabia had the capacity to produce about 11.5 million barrels of oil a day but produced only about 6.8 million a day.

The United States, as its demand for energy sources moves dramatically upward, has become increasingly dependent on foreign oil. Consequently, it has imported increasing amounts of oil from Saudi Arabia. In 1975, almost 15 percent of all I'.S. oil imports came from Saudi Arabia. This figure rose to about 18 percent in 1976 and is expected to continue to rise in 1977 and beyond.

U.S. Embassy officials told us that it is U.S. policy to insure that the United States, Western Europe, and Japan have continued access to oil at prices that would not have a disruptive effect on the world economy. Without oil, the North Atlantic Treaty Organization countries could not be an effective force in Europe.

GROWING DEMAND FOR U.S. GOODS

Oil sales account for about 95 percent of Saudi Arabia's total revenues, and increases in prices from an average \$3.28 a barrel in 1973 to \$10.46 in 1974 have given the Saudis unprecedented resources for both military and economic development. Increased spending for economic development has heightened the Saudi demand for American goods and services. In 1974, 31 percent (about \$1.18 billion) of Saudi Arabia's imports came from the United States. The U.S. Embassy stated that 1975 U.S. exports to Saudi Arabia were about \$2.5 billion; in 1976 they had risen to \$3.5 billion.

The number of U.S. business firms in Saudi Arabia is increasing, and according to informati provided by U.S. officials, more than 270 such firms have offices in Saudi Arabia. The number of U.S. Government employees and American businessmen in that country is also increasing. Embassy officials estimated that 25,000 Americans are in Saudi Arabia.

In 1974, the U.S Government entered into a cooperative agreement to assist Saudi Arabia in its development. A Joint Comm'ssion on Economic Cooperation was established under the U.S. Secretary of the Treasury and the Saudi Minister of State for Finance and National Economy to promote programs of industrialization, trade, manpower, training, agriculture, and science and technology. Under an implementing agreement, U.S. professional and technical advisors from Government and private industry would assist Saudi Arabia in developing these areas. Costs for this assistance would be paid for by Saudi Arabia.

In 1975, Saudi Arabia launched a 5-year development plan calling for about \$144 billion to be spent on projects for petrochemical production, steel mills, roads, and agricultural expansion. U.S. Embassy officials estimated that U.S. firms could get approximately \$60 billion in business from the development plan.

SAUDI ARABIA'S GEOGRAPHICAL IMPORTANCE

Saudi Arabia, by virtue of its geographical location (see frontispiece), is important to U.S. security interests in the Persian Gulf and Arabian Peninsula area. It occupies the larger part of the Arabian Peninsula and has common borders with several Middle East countries. It also borders the Red Sea, which provides access to the Suez Canal, and the Persian Gulf, which provides access to oil tankers. The United States also is interested in access to air routes across Saudi Arabia.

CONCLUSION

Saudi Arabia is vital to the United States for political, economic, and geographical reasons. Therefore, there are no immediate prospects for limiting U.S. arms sales to Saudi Arabia. To the contrary, present U.S. policy is to support the Saudi Arabian Government effort to obtain a modern defense capability. This support is expected to continue for the foreseeable future.

The Department of State, in commenting on our report, stated that the Administration is committed to restraining conventional arms transfer. Further, a Presidential decision on a new overall arms transfer policy was announced in May 1977. This policy, according to the Department, will be a further restraining influence on arms transfers. The Department further stated that arms requests of the Saudis are subjected to thorough analysis and not all requests are

approved; the legitimate security needs of Saudi Arabia and the impact a sale would have on the regional military balai.ze are considered.

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Over the years, the two countries have enjoyed a good relationship, and indications are that the Saudis want to continue this relationship. Consequently, foreign military sales issues and their applications to Saudi defense needs must be viewed in context with overall U.S. interests in that area of the world.

CHAPTER 3

WHY SAUDI ARABIA PURCHASES MILIITARY HARDWARE,

TRAINING, AND CONSTRUCTION SERVICES

THE THREAT TO SAUDI ARABIA TODAY

The Foreign Military Sales Act of 1968, renamed the Arms Export Control Act by Public Law 94-329, dated June 30, 1976, authorizes the sale of defense articles and services to friendly countries for internal security, legitimate self-defense, and collective security purposes.

In 1968, Great Britain announced the end of its protective role in the Persian Gulf area, and in 1971 it withdrew its troops. As the British withdrew, many Persian Gulf states began to modernize and expand their armed forces to protect their individual interests. With the British withdrawal, the United States adopted a policy of promoting regional cooperation in the Gulf area by encouraging the two strongest Gulf states, Iran and Saudi Arabia, to assume increasing responsitilities for the collective security of the region.

Although Saudi Arabia may perceive a threat from some of its neighbors, information we obtained indicates there is no imminent threat to Saudi Arabia's being overrun.

We did not evaluate the Saudi armed forces against the military forces of the countries in the Middle East. However, for comparative purposes, the sizes of the Saudi forces and other Middle East forces are shown in appendixes I and II.

U.S. EVALUATION OF SAUDI DEFENSE NEEDS

The Department of Defense (DOD) has assisted Saudi Arabia in evaluating its defense needs. Major studies were conducted in 1970, 1972, and 1974.

The Leahy study

In 1970, at the request of the Saudi Arabian Government, a DOD review team headed by Major General O. A. Leahy evaluated Saudi Arabia's defense plans and programs. Some of the important recommendations of the study were that (1) the Saudi Ministry of Defense and Aviation should be recorganized and a 5-year defense plan developed and (2)

the Saudi navy and air force be placed on an equal level with the army. The study also recommended that the aging F-86 and T-33 aircraft be replaced. This recommendation led to the modernization of the Royal Saudi Air Force under the U.S.-managed Peace Hawk program. (See ch. 6.)

The Leahy study was the basis for a memorandum of understanding signed in 1972 whereby the United States agreed to provide Saudi Arabia with technical and advisory assistance to modernize and expand its navy. Plans for the navy were accepted by the Saudi Arabians in March 1974, and since then the United States has been working with the Saudi Government to implement these plans. (See ch. 5.)

1974 DOD survey

In December 1973, the Saudi Government asked the United States to conduct a survey of the Royal Saudi Air Force and produce a master plan for its development over a 5- to 10-year period. In March 1974, the United States agreed to make the survey_but suggested that it be carried out in context with a survey of total Saudi armed forces under the Saudi Ministry of Defense and Aviation, which are estimated at about 47,000. The Saudi Arabian Government agreed to this proposal, and DOD made the survey during April to June 1974.

The survey did not explicitly include national guard forces, which are not part of the Ministry of Defense and Aviation, nor coast guard or national police. However, the survey report stated that these forces possessed resources capable of assisting in the national defense. The study also noted that the national guard, which is estimated at about 16,000, was in the process of being modernized. The modernization of the national guard is being accomplished by the United States under foreign military sales agreements. (See ch. 7.)

The overall objective of the 1974 survey was to assist Saudi Arabi to evaluate its defense plans and programs and to develop a plan to improve its armed forces capability to defend the country. The survey group made numerous recommendations for improving the organization of the Ministry of Defense and Aviation and for modernizing and expanding the Saudi armed forces. These included mechanized and airborne brigades, tactical fighter and airlift/refueling aircraft, helicopters, and navy ships.

A DOD team was sent to Saudi Arabia to assist the U.S. Military Training Mission (USMTM) in the 1974 survey. The travel per diem and salary costs of the team were about \$256,000 and were paid out of DOD appropriations.

In August 1975, in response to a congressional request for an opinion as to whether Saudi Arabia should have paid for the survey, we reported that, since the survey was made for the Saudi Government, its cost should have been treated as a sale of deferse services and the Saudi Government charged accordingly. However, since there was no clear agreement between the two countries on reimbursement of costs prior to the survey, there now appears to be no legal basis for recovering the costs of the survey.

CONCLUSION

It appears that Saudi Arabia needs to develop a basic defense capability to protect its borders and oil resources. DOD surveys identified Saudi military needs, which appear to be limited to a basic defense capability. In making these surveys, the United States has influenced Saudi Arabia's military expansion and modernization plans, and DOD's influence increases the probability of continued U.S. assistance to implement these plans. The result is continued United States presence and influence in Saudi Arabia, which could be important to the attainment of U.S. security objectives.

CHAPTER 4

WHAT THE UNITED STATES

'S SELLING SAUDI ARABIA

MOST SALES RELATED TO DOD STUDIES

Generally, most of the U.S. military equipment and training sales have been consistent with the Department of Defense's evaluation of Saudi Arabia's military needs. However, there have been some exceptions. These are discussed in our classified report.

WHAT SAUDI ARABIA PURCHASED FROM THE UNITED STATES

U.S. foreign military sales agreements to Saudi Arabia from fiscal year 1950 through 1976 have amounted to about \$12.1 billion; however, only about \$1.6 billion, or 13 percent, of this total has been delivered as of September 30, 1976.

FMS purchases

Construction represents the largest part, or about 63 percent of total FMS sales to Saudi Arabia. The chart below shows the dollar value of military purchase orders from 1950 through September 30, 1976, by category of items.

	Fiscal year		Perce	nt of
Category	1976 orders (<u>note a</u>)	Cumulative orders	Cumulative sales	Cumulative orders delivered
	(000 o	mitted)		
Construction	\$ 798,637	\$ 7,597,807	62.6	7.6
Equipment (note b):	423,835	2,048,275	16.9	19.6
Aircraft	-47.646	-728.101		
Vehicles and				
weapons	-262,287	-446,484		
Ships	-2,026	-456,231		
Communications	~10,644	-39,796		
Other	-101,232	-377,663		
Missiles	95,465	112,352	.9	4.3
Ammunition	38,867	167,679	1.4	37.3
Training	88,417	167,136	1.4	18.9
Cther services	945,850	1,847,731	15.2	29.5
Supply operations	77,918	175,513	1.4	31.1
Other	117,026	27,362	2	3.2
	\$2,586,015	\$12,143,855	100.0	

a/Includes transition period through Sept. 30, 1976.

b/Includes spares.

Source: DOD.

The U.S. Corps of Engineers manages military sales construction. (See ch. 9.) Major FMS items ordered by Saudi Arabia during fiscal years 1975 and 1976 included F-5 aircraft, miscellaneous boats, armored carriers, TOW, Sidewinder, Dragon, Maverick, and Redeye missiles.

Commercial purchases

Saudi Arabia also has purchased military equipment from commercial sources in the United States and other countries.

We were unable to develop data on total purchases from other than U.S. Government sources. U.S. Military Training Mission officials incountry told us the Saudi Arabians do not necessarily consult the Mission on non-U.S. Government procurements nor does the Mission have a complete inventory listing of Saudi Arabian purchases. However, procurements have included

- --C-130 aircraft and logistics support from Lockheed,
- -- the improved Hawk from Raytheon,
- --AMX-30 tanks and AMX-10 armored personnel carriers from France, and
- -- tactical radios from Britain.

INCOUNTRY MANAGEMENT OF FMS PROGRAM

Four separate DOD organizations, involving 912 military and civilian personnel, manage the FMS program in Saudi Arabia--the U.S. Military Training Mission, the U.S. Army Corps of Engineers Middle East Division, U.S. Air Force Detachment 22, and a U.S. Army Materiel Development and Readiness Command project office. No one organization has command authority for the total FMS program, but the U.S. Military Training Mission is charged with coordinating the efforts of all four organizations.

Over 7,900 U.S. contractor personnel are also incountry, providing training and services under FMS agreements or commercial contracts. Projections show that both U.S. Government and contractor personnel will be increasing in the near future.

CONCLUSIONS

The U.S. Government has been heavily involved in helping Saudi Arabia modernize its armed forces over the past 7 years. Saudi Arabia generally appears to be following LOD recommendations, which seem to be based on developing a basic defensive capability in that country's modernization program; however, there have been deviations from the U.S. recommendations. Over 60 rercent of the value of U.S. FMS agreements with Saudi Arabia have been for military construction. Indications are that U.S. involvement in the modernization program will continue for several years and may increase in magnitude.

CHAPTER 5

U.S. MILITARY TRAINING MISSION

The U.S. Military Training Mission to Saudi Arabia, operating under the Mutual Defense Assistance Agreement of June 27, 1953, has advised and assisted the Saudi Government for over 25 years. Initially, security assistance was provided under a military grant aid program; today, assistance is provided almost totally through foreign military sales.

The major duties of the Mission are to advise and assist Saudi Arabia's Ministry of Defense and Aviation in developing, training, and managing the armed forces and to represent the United States in managing FMS incountry. The Mission makes recommendations on FMS to Saudi Arabia but does not make the final decisions.

The Mission's commanding general and headquarters are in Dhahran. The headquarters supports the military service advisory sections and performs administrative tasks. The Mission chief, as senior military advisor in Saudi Arabia, coordinates total FMS, including the program managed by the Mission, the Air Force Detachment 22 F-5 program, the Army Materiel Development and Readiness Command, national guard modernization, and the Corps of Engineers construction.

However, the chief has command authority over only FMS programs managed by the Mission and depends on Command cooperation for the other program elements. Our discussions in Saudi Arabia indicate that the various incountry commanders have generally been cooperative.

ADVISORY SECTIONS

Three service advisory sections, the Navy, colocated with Mission headquarters in Dhahran, and the Air Force and Army, located in Riyadh, are subordinate to the Mission headquarters.

The functions and daily activities of each advisory section are similar. Section personnel interact with the Ministry of Defense and Aviation personnel in discussing the particular military needs of each Saudi armed service. For example, the Navy section is currently working with the Saudi naval staff to develop an effective chain of command. The Air Force section is working on methods for improving existing maintenance and supply operations. Advice is not limited to the headquarters level, however.

Army and Air Force personnel are at several Saudi military cities, advising Saudi Arabian forces on maintenance and supply operations and military operational techniques. The advisory sections also give technical advice on new military equipment and the appropriateness of items being considered for the Saudi armed forces.

PERSONNEL

Mission and support personnel strengths have increased since 1974 and are expected to reach 365 in October 1977. This level will be sustained for at least 3 years thereafter. Staffing authorizations and projected increases at the time of our review are as follows.

	August 1976	October 1977
Operational staff: Headquarters Army section Air Force section Navy section	15 36 24 17	31 35 28 29
	92	123
Operational support staff: Personnel and administration Logistics Comptroller Procurement Mission relations Flight division Communications Judge Advocate	13 11 7 4 3 22 8 —	18 16 10 5 10 - 11 - 1
Other support personnel: Medical clinic Air Force post office Commissary Military Airlift Command 5th Signal Command European Command Civilian contract	4 6 2 5 22 -	7 17 7 5 54 6 75
	39	<u>171</u>
Total	199	365

U.S. personnel are also sent to Saudi Arabia on temporary duty to provide other training. Estimates showed that during calendar year 1976 there were to be 62 temporary duty personnel in Saudi Arabia, and in calendar year 1977 the number was to rise to 92. This includes separately funded training and technical assistance teams to teach F-5 pilots and operations and maintenance for FMS equipment.

MISSION COSTS SHIFTED TO SAUDI ARABÍA

At the time of our review, the United States and Saudi Arabian Governments were sharing the cost of the Mission operation; however, negotiations were underway to have Saudi Arabia bear the full costs. This arrangement for sharing costs was agreed upon in 1953 under the Mutual Defense Assistance Agreement between the United States and Saudi Arabia. On February 27, 1977, a new agreement was signed whereby all Mission costs from July 1, 1976, will be reimbursed under an FMS case and the Saudi Government will continue to provide assistance—in—kind. Total projected cost of the Mission in fiscal year 1977, to be paid under FMS, is \$12.6 million. Additionally, the Saudi Government would provide \$21.2 million of assistance—in—kind, \$12.4 million of it for construction and leasing.

In fiscal year 1976, the U.S. Government provided nearly \$4.2 million for operations, consisting of personnel salaries and benefits, temporary duty travel and transportation costs, communications and utilities rent, and supplies and equipment. The Saudi Government provided an estimated \$9 million in assistance-in-kind, including housing, working space, interpreters and administrative personnel, vehicles, incountry transportation, communications and utilities, rent, equipment, supplies, and materials.

PROGRAM MANAGEMENT

The Navy and Army advisory sections manage the implementation of two Saudi Arabian military modernization programs, including program planning and progress evaluation.

Naval expansion program

The Saudi naval expansion program is a comprehensive program to modernize and expand the Saudi Arabian navy. The U.S. Navy advisory section has devoted its total manpower to this expansion program.

The program started in 1972 with the signing of a memorandum of understanding in which the U.S. Government agreed to prepare a time-phased naval expansion plan for the Saudi Government.

The program's goal is a trained Saudi Arabian naval force largely independent of contractor support, and the program specifically provides for the following components.

Equipment

The plan calls for missile patrol gunboats, missile patrol chasers, coastal minesweepers, utility landing craft, mechanized landing craft, and large harbor tugs.

Training

This includes naval operations, maintenance, and supply training, both in the United States and in Saudi Arabia, for about 3,500 enlisted personnel and 400 officers.

Construction

Deepwater port facilities at Jubail on the Persian Gulf and Jidda on the Red Sea, are in the construction program, to include facilities for ship docking and repair, fuel storage, base maintenance, administrative functions, and living accommodations, and a naval headquarters complex in Riyadh. Associated costs are as follows.

	(millions)
Equipment	\$ 944
Construction	1,701
Program management	10
Training	22
Other	1
	\$2,678

Training and program management costs are complete only as of 1976 and 1977, respectively. The construction costs include a projected \$500 million increase.

Ships and facilities program costs have tripled, from \$850 million in 1974 to a current figure of \$2.6 billion. The Navy advisor cited inflation, inadequate initial construction estimates, and requests for advance weaponry as the reasons for increased costs. The Saudi Minister of

Defense and Aviation accepted the increased costs but voiced strong objections to program cost growths. The three major cost growth items are (1) the missile patrol gunboats, increased from \$235 million to \$511 million, (2) the missile patrol chasers, increased from \$148 million to \$333 million, and (3) construction, increased from \$364 million to \$1.7 billion. An additional cost yet to be defined is a contractor-operated operations and maintenance facility, which will also include training for Saudi personnel.

Program management

The U.S. Navy Project Office in Washington, D.C. (within the Office of Chief of Naval Operations), the Navy advisory staff in Saudi Arabia, and the Corps of Engineers are the three U.S. management groups for the naval expansion program. The 16-man Washington project office is the coordination and control point for all program activities. The Mission naval advisor serves a dual role as deputy program manager and as chief U.S. naval advisor to Saudi Arabia. He and his incountry advisory staff of 17 (with an authorization for 29 in 1977) coordinate action in Saudi Arabia and respond to Washington project office requests. Additionally, the incountry staff works directly with Saudi counterparts on developing improved systems for personnel management, supply management, and ships' operations. The Corps of Engineers manages the program's design and construction. The Corps operates under review authority of the Navy Project Office in Washington.

Program status

The expansion program has proceeded on schedule with the exception of training and the late delivery of utility landing craft. A lack of available qualified personnel has caused the training program to fall behind schedule by 25 percent. The target date for the completion of training was originally set for 1981 but has been revised to 1983. All remaining ships are projected for delivery by 1981. Construction, which is underway, is projected to be complete by 1980.

The 1977 authorized staff of 29 for the U.S. program management office in Saudi Arabia will continue through 1981. The Navy advisor was unable to project staff requirements past that date. In addition, the Navy has requested technical assistance field teams. As of

August 1976, a need for four teams with a total of 35 personnel had been identified for specific tasks in the incountry training center and for assisting with communications facilities in the time period 1977 to 1980.

Army modernization program

The army modernization program to mechanize some infantry brigades is a newly added responsibility of the Army advisory section, and it has set up a three-man team to manage the modernization program, which is currently estimated to cost \$6.6 billion.

The \$6.632 billion program, as now planned, is designed to make the Saudi Arabian army capable of operating and maintaining mechanized infantry brigades.

Equipment

Equipment purchases have been developed in separate FMS cases. Specific equipment items are M60Al tanks, armored personnel carriers, M106/125 mortar carriers, M109AlB howitzers, M577Al command carriers, M548 cargo carriers, M163 Vulcans, M578 light recovery vehicles, TOW system launchers with missiles, DRAGON systems with missiles, and REDEYES.

Training

The training concept is for Saudi training personnel to teach the Saudi military how to operate and maintain the equipment purchased. Small U.S. military technical teams will be responsible for initially training the Saudi training personnel. Each team is scheduled to be in Saudi Arabia for 60 to 179 days, with one team scheduled to work incountry for 1 year. No contractor involvement is planned other than work now ongoing with the army ordnance corps. (See ch. 9.) The Mission chief summarized the concept as new with associated risks, primarily that the training program might fail without intensive U.S. training support. He said the biggest benefit to be gained through the approach is that the Saudis will learn they can do the necessary craining without intensive U.S. training support. Past experience has shown a sustained dependence on contractor support beyond scheduled program completion. Cost estimate for the 60 people making up the military training teams is \$1 million.

Construction

Construction needs were virtually undefined in August 1976 and the United States was encouraging the Saudi Minister of Defense and Aviation to identify these needs. Temporary housing facilities at the initial training site, Tabuk, were the only identified requirements. No determination had been made as to whether the Corps of Engineers would have construction responsibility for the project.

Program management

The Army advisory section three-man team's primary role will be to coordinate equipment and training deliveries and to bring problems noted to the attention of the Army advisory section chief. The team's role in performing program evaluation is unclear, and it will be dependent on status information from military technical training teams incountry.

Program status

The modernization program is still in the planning stage. Specific items of equipment have been identified, but other matters, such as an approved brigade table of organization and equipment configuration, a confirmed equipment delivery schedule, and a related training schedule have not been defined.

According to the Army advisory chief, time goals have not been established for program completion. The program concept is designed to allow the Saudi Arabians to progress at their own speed.

Based on the success of contractor training programs in Saudi Arabia, the initial level of training proposed for the modernization program may prove to be inadequate and may require more extensive use of technically skilled U.S. military personnel. This may result in additional program costs and the use of U.S. military personnel for an undetermined amount of time. Mission personnel agreed

this was a real possibility, but they could not predict further requirements at this time. $\underline{1}/$

CONCLUSION

The magnitude of the FMS program to Saudi Arabia and the Mission's current role there indicate that the Mission's involvement will continue, and probably increase, for several years to come.

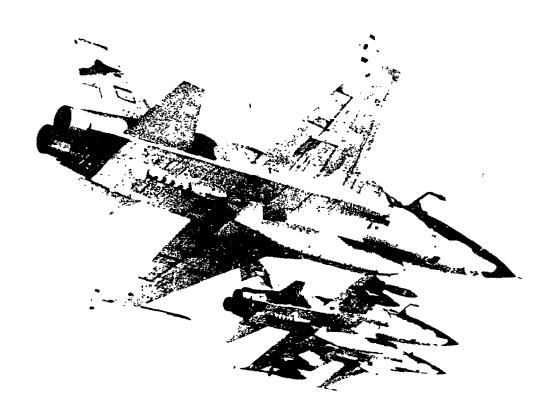
^{1/}Signed by the President on Aug. 4, 1977, Public Law
95-92 amends existing legislation authorizing internatioral security assistance programs for fiscal year 1978.
These amendments specifically authorize the assignment
of members of the U.S. Armed Forces in Saudi Arabia during fiscal year 1978 to manage the FMS program. These
personnel would have as their primary functions logistics management, transportation, fiscal management, and
contract administration of incountry programs. Advisory
and training assistance would primarily be provided by
personnel detailed for limited periods to perform specific
tasks. Members of the Armed Forces authorized to be assigned, to the extent that they exceed six, may only be
assigned on a fully reimbursable basis under the Arms
Export Control Act.

CHAPTER 6

THE PEACE HAWK PROGRAM --

F-5 AIRCRAFT FOR SAUDI ARABIA

The Peace Hawk program was initiated in 1971 following the Department of Defense Leahy study of 1970 which recommended that Saudi Arabia replace its F-86 and T-33 aircraft. Under the program, the Royal Saudi Air Force is to achieve a level of self-sufficiency in the operation of the F-5 aircraft (shown below).



F-5 AIRCRAFT WITH SIDEWINDER MISSILE

The five-phase Peace Hawk program is currently valued at about \$2.8 billion as shown below.

Phase	;	Signed		Scope	(<u>m</u> :	Cost illions)	Status
I	June	28, 1971	F-5	B aircraft	\$	42.3	Completed.
II	Sept	. 29, 1971	F-5	E aircraft		128.4	Completed.
III	Apr.	4, 1972	e a t	struction, quipment, nd training o support hases I and I		276.5	Completed.
IV	Jan. 4	n. 4, 1975	A r	F-5F and F-5E Aircraft plus retrofit of phase II air-			• • • • • • • • • • • • • • • • • • • •
			craft		769.0	Delivery programed for 1977- 1978.	
V	Feb.	22, 1976	e t	struction, quipment, and raining to upport phase			
				V aircraft.	_	574.0 790.2	Programed for comple- tion in Feb. 1979; exten- sion for training projected through 1981.

A letter of offer is pending for one more phase for four aircraft, the last planned phase of the program. Foreign military sales cases for Sidewinder missiles, laser-guided "Smart" bombs, and Maverick air-to-ground missiles are not included in the five phase program.

The involvement of the Corps of Engineers in Peace Hawk has been small in comparison with its role in other Saudi

Arabian programs. The Corps has reviewed design, specifications, and construction for all Peace Hawk construction, but general construction management is performed by the Northrop Corporation. Facilities constructed include hangers, ramps, flightline support, operations buildings, supply depots, and firing ranges.

PROGRAM MANAGEMENT

San Antonio Air Logistics Center Detachment 22 is the U.S. Air Force contract administrator and program manager for the Peace Hawk V program. Detachment 22 was dispatched to Saudi Arabia by the U.S. Air Force in 1972 to managed Peace Hawk because of the program's size and complexity and the limited manpower of the U.S. Military Training Mission. Although there is a requirement for coordination between Detachment 22 and Mission headquarters, there is no command relationship between the two. The Mission does not direct Detachment 22 in the management of the Peace Hawk program and Detachment 22 does not advise the Royal Saudi Air Force on matters other than Peace Hawk.

Detachment 22 has a command staff at Dhahran and operating staffs at Dhahran, Taif, and Khamis Mushayt Air Bases. (See frontispace.) The command staff has two major divisions, contract administration and logistics, and four smaller divisions. The site operational staffs consist of 12- to 15-person teams with special skills in maintenance, logistics, avionics, supply, weapons, and engineering. The Detachment's authorized personnel strength of 70 will be reached in 1977; assigned strength at the time of our review was 37.

The Saudi Arabian Government through FMS pays all costs associated with Detachment 22 personnel. Costs for personnel from April 1972 through February 1979 are included in total U.S. Air Force technical services costs of \$38.8 million. Costs for Northrop personnel conducting the program are also included in the FMS cases. There were 320 U.S. personnel working for Northrop in August 1976, and it is projected that the number will increase to 1,123 in 1977 and 1,134 in 1978.

CURRENT STATUS

Peace Hawk phases IV and V will be in progress through 1978 and 1979, respectively. Programed deliveries are on schedule and will end in January 1978. Planned construction is scheduled to be completed by the end of

Northrop's Phase V contract in February 1979. The status of training goals is discussed in our classified report.

CONCLUSION

The Peace Hawk program has proceeded in accordance with DOD recommendations for a Saudi Arabian defensive air capability. It has successfully provided the Saudi air force with F-5 aircraft and associated facilities, but as discussed in our classified report any future purchases of advanced fighter aircraft will only add to the maintenance and support problems of the Saudi air force.

In commenting on our report, DOD stated that relating the progress of the F-5 program with future aircraft purchases is not viable. DOD's specific comments on this matter are contained in our classified report. We do not agree for the reasons stated above.

RECOMMENDATION TO THE CONGRESS

Marie Barrella Comment of the Commen

In reviewing any future Saudi Arabian request for additional aircraft, the Congress should request the Secretary of Defense to provide information on the progress the country has made toward self-sufficiency in operating and maintaining its F-5 aircraft.

CHAPTER 7

MODERNIZING THE SAUDI ARABIAN NATIONAL GUARD

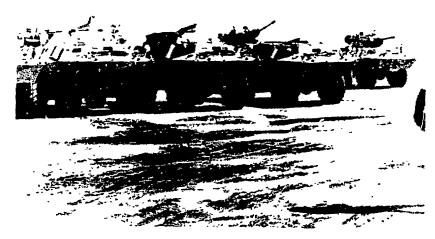
The Saudi Arabian National Guard is a volunteer military organization separate and distinct from the Saudi Arabian Ministry of Defense and Aviation. The national guard's mission is to provide internal security for the kingdom and to reinforce the Army in defending the kingdom.

The guard is commanded by Prince Abdullah Ibn Abdul Aziz Al-Saud, the third-ranking member of the Saudi Arabian Government. Because the national guard is separate from the Ministry of Defense and Aviation, the Saudis have insisted that the U.S. incountry program management be independent of the U.S. Military Training Mission. As pointed out in chapter 3, the guard was excluded from the 1970 and 1974 U.S. studies of Saudi defense needs.

The national guard modernization program commenced in March 1973, with the signing of a United States-Saudi Arabian memorandum of understanding. The agreement was preceded by Saudi requests for such a program dating back to 1970.

The modernization program is scheduled for completion in January 1980. Its goal is to structure a portion of the standing national guard forces into mechanized infantry battalions with artillery. The program, being accomplished by three U.S. contractors, includes the sale of U.S. and foreign equipment, contractor training, construction, and contractor-performed maintenance and supply support. Since initial program development, the scope has been expanded to include training of national guard headquarters personnel in management techniques, training of Saudi Arabian personnel in troop evaluation techniques, and provision for specialized U.S. teams to accompany deployed battalions to assist them in their continued development.

The national guard, as a mobile reserve force for the Saudi army, is not being equipped as a frontline combat element. The basic combat vehicle bring purchased by the guard is the V-150 armored vehicle, and the modernization projects go not include any tanks.



V-150 ARMORED PERSONNEL CARRIER

TOW missiles and Vulcan antiaircraft guns provide the guard with antitank and air defense capabilities. The quantity of equipment sold for the modernization program appears to be consistent with Saudi capacity to use it.



VULCAN ANT: AIRCRAFT GUN

Program costs

Based on initial estimates of the cost of modernizing the Saudi national guard, foreign military sales cases for \$335 million were agreed to in April 1974. Costs, excluding construction, have almost doubled since that time and construction estimates have increased more than 20 fold, as shown below.

	Initial estimate (as of 1974)	Current estimate (<u>as of 1976</u>)
	(mil	lions)
Training Equipment and ammunition Program management	\$123.3 124.1 24.9	\$ 282.8 150.1 55.0
	272.3	487.9
Construction	62.7	1,366.0
Total	\$ <u>335.0</u>	\$ <u>1,853.9</u>

Reasons cited for cost increases in training, equipment, and program management are inadequate initial estimates, inflation, and program modifications. Construction increases are based on the decision of the commander of the national guard to provide extensive military cities for the deployed units instead of the initially planned basic cantonment areas. Additionally, sites for construction have changed. Increases for training, equipment, and program management have been formalized and agreed to by the national guard and DOD. Increases for construction are estimates at this time, pending the results of the Corps of Engineers survey and design work. Of the \$150 millio.: in equipment being procured by the United States for the modernization program, \$42 million is foreign made, including the Mecar 90-mm. gun from Germany, Racal radios from Britain, and 90-mm. and 20-mm. ammunition. On an exception basis, FMS regulations allow the United States to procure foreign materials with specific approval from the Secretary of Defense.

PROGRAM MANAGEMENT

In April 1973, the U.S. Army Materiel Development and Readiness Command (DARCOM) was assigned general management responsibility for modernizing the guard. It established

a project manager's office with an authorized incountry staff of 53 and a Washington staff of 4. The staff is organized to monitor and administer the work of the three contractors involved in the program.

- --General Electric sells, maintains, and trains personnel on its Vulcan air defense system.
- -- Cadillac-Gage sells and maintains its V-150 armored personnel carrier.
- --The Vinnell Corporation provides overall equipment and tactical training, including operation, maintenance, and supply training for the Vulcan and V-150. It also handles daily program management, under the direction of a former U.S. Defense Security Assistance Agency official.

Incountry English language training is provided by a company named Center for Applied Linguistics. In an earlier report to the Congress (ID-77-2, issued Nov. 30, 1976) we showed current and projected U.S. contractor personnel as follows.

	Employees			
Company and project	August 1976 actual	1977 projected	1978 projected	
Cadillac-Gage (provides armored support serv- ices to Saudi Arabian National Guard)	30	33	33	
General Electric (pro- vides Vulcan antiair- craft batteries)	17	23	23	
Vinnell (organizes, equips, and trains Saudi Arabian Na- tional Guard)	247	290	290	
Center for Applied Linguistics (pro- vides language training to Saudi Arabian National Guard)	12	13	13	
Guardy				
Total	<u>306</u>	<u>359</u>	359	

The DARCOM project manager's office is responsible for insuring that contractor duties are performed and that the national guard is achieving the program goals jointly established by the United States and Saudi Arabia. The project staff manages the program by evaluating Vinnell Corporation reports, visiting the training site, and evaluating battalion training. Programed construction under the modernization program is being designed and carried out by the Corps of Engineers. The project manager coordinates with the Corps and reviews all construction design work to assure that the specifications meet the facility requirements. The working relationship between the project manager and national guard officials has evolved beyond that of program manager to that of unofficial advisor on all matters pertinent to the guard.

All costs of the project manager and his staff are paid for by the Saudi through a separate FMS case. The Saudi Government funds contractor, equipment, and construction costs through separately funded FMS cases.

PROGRAM STATUS

As of August 1976, one national guard battalion had satisfactorily completed training according to U.S. evaluation criteria. Graduation of the first battalion took place in October 1976. Selection of personnel to participate in the second training battalion was in process.

Although there is no Saudi commitment for battalion training beyond the first increment, national guard and U.S. officials recognize a need for upgrading additional battalions. U.S. program officials project the retention of U.S. management to carry forth such training, resulting in an unspecified U.S. commitment in the future.

CONCLUSIONS

Continued good relations with the Saudi Arabian Government and DARCOM success in the current modernization program could result in future Saudi requests for U.S. assistance in modernizing additional national guard units. Coupled with the current modernization program is the guard's need for logistics and communication systems to support its modernized forces. This could also be the subject of future requests.

The Saudi national guard represents a significant military force. Therefore, DOD should include the national guard when surveying future Saudi needs to develop

an adequate defense capability. This was not explicitly done in DOD's 1970 and 1974 surveys. To the extent that these forces were not considered, Saudi Arabia's overall defense needs as defined by DOD could have been overstated.

In commenting on our report, DOD stated that the 1974 curvey of the Saudi armed forces was conducted at the request of the Minister of Defense and Aviation. The national guard, the coast guard and frontier force, and the national police are not part of that ministry but fall under other ministries of the government. DOD pointed out that it conducted a survey in March-April 1977 to determine an optimum defense of the Saudi coast. This survey included integrating the Saudi armed forces, the national guard, and the coast guard and frontier force to provide for the defense of the Saudi coast by using all available or projected forces.

We believe DOD's 1977 survey which included all Saudi military forces is in keeping with the recommendation made by us. However,—we believe that the integration of all Saudi military forces for the planning of overall Saudi defense needs should be extended to all military activities and not just to coastal defense.

RECOMMENDATION

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Although the Saudi national guard may not be heavily armed, it represents a significant military force which could play a large role in defending the kingdom. Thus, we recommend that the Secretary of Defense have the U.S. military services include the national guard forces in future evaluations of Saudi Arabia's military needs.

CHAPTER 8

SALE OF U.S. TRAINING SKILLS THAT ARE IN

SHORT SUPPLY

The Saudi purchase through the foreign military sales program of sophisticated equipment has increased the demand for skilled U.S. military personnel to provide the technical and operational training necessary to support these systems. These military skills are drawn from U.S. Forces in Europe and the United States. At the time of our review, 255 U.S. military training personnel were in Saudi Arabia, and these numbers are projected to reach 667 in fiscal year 1977 and 679 in fiscal year 1978.

We compared the inventory of the specialized U.S. training teams in Saudi Arabia with lists prepared by U.S. Army and Air Force showing shortages in specialized skill areas in order to identify those skills sold in Saudi Arabia which may place additional demands on skilled manpower.

PEACE HAWK PROGRAM

At the time of our review, 12 U.S. instructor fighter pilots were teaching the Saudis to fly the F-5 aircraft. Although there was an overall excess of pilots, as of September 1976 the U.S. Air Force had a shortage of pilots which the Air Force projected would continue through fiscal year 1981. This shortfall appears to be a result of increased requirements for tactical pilots during the transitional period when the F-15, F-16, and A-10 will be absorbed into the U.S. inventory. The shortfall appears to be primarily a management problem, and according to the Air Force is being absorbed in staff positions rather than in the tactical fighter force.

During our visit in Saudi Arabia, we discussed this matter with the U.S. Military Training Mission. Civilian personnel of the Norchrop Corporation, the manufacturer of the F-5 aircraft, originally had been teaching the Saudis to fly the aircraft, but the instruction did not meet U.S. requirements or satisfy commitments to the Saudis, so U.S. military instructor pilots replaced these personnel.

ARMY MECHANIZATION PROGRAM

A large number of U.S. Army training teams will be required to provide instruction in the operation and

maintenance of the TOW and Redeye missiles and M60Al tanks purchased by the Saudis. At the time of our review, the U.S. Army identified 58 specialized areas in which shortages existed worldwide. We ascertained that upon delivery of the missile equipment at least 38 U.S. military training personnel will be needed to provide instruction on the equipment for 3 to 6 months, some of whom will be drawn from these shortage areas. Also, requirements are projected for 4 additional training teams, totaling 38 U.S. military personnel, who would be assigned for 6 months to 2 years.

Mission officials recognized that there may be possible drawdowns on U.S. Forces, but they stressed that U.S. foreign policy interests in Saudi Arabia for cutweighed these considerations.

CONCLUSION

A growing military sales program in Saudi Arabia will require increasing numbers of skilled U.S. military training personnel, because the United States, as a matter of policy, is committed to provide follow-on support and training in the operation and maintenance of the items sold. In doing so, the U.S. armed services are obligated to allocate a larger share of their resources to carry out this policy. Defense officials, in commenting on our report, stated that although it cannot be quantified, the experience U.S. advisors gain during the tour in Saudi Arabia makes them more effective in their military careers.

RECOMMENDATION

In view of the increasing requirement for U.S. military training personnel with skills in short supply to satisfy growing commitments under the FMS program in Saudi Arabia and elsewhere, we recommend that at the time the Congress is notified of a proposed sale, the Secretary of Defense provide the estimated number of U.S. military personnel needed to carry out the sale and the impact on U.S. military preparedness of assigning such personnel.

Although section 36 of the Arms Export Control Act of 1976 requires the President to provide, when requested by the cognizant committees, an analysis of the impact of the proposed sale on U.S. military preparedness, we believe that the information should be submitted in all cases at the time of the proposed sale.

CHAPTER 9

U.S. ARMY CORPS OF ENGINEERS

CONSTRUCTION IN SAUDI ARABIA

The U.S. Army Corps of Engineers' first construction project in Saudi Arabia—a U.S.-funded airfield at Dhahran—was completed in 1954. In April 1957, after Saudi Arabia announced its support of the Eisenhower Doctrine, which pledged U.S. support to any Middle East country threatened by communism, the United States and Saudi Arabia signed an agreement under which Saudi Arabia agreed to renew the base rights agreement for Dhahran airfield until 1962, and the United States agreed to provide training and equipment for the Saudi forces and to improve the civilian air facilities at Dhahran. A Corps area office was established at Dhahran to monitor the construction, which was completed in 1961.

"J.S. grant—aid for the airfield, civil air terminal, and training at various Tocations totaled \$57 million.

In the 1960s, the Saudi Ministry of Information requested the Corps' services in constructing television and radio facilities. The first project (which implemented a December 1963 government-to-government agreement) called for design and construction of two temporary television stations. Later, the Corps built a radio studio facility for the Ministry of Information. The projects were financed by the Saudi Government at a cost of \$42 million.

CURRENT WORKING AGREEMENTS

Shortly after the Corps began work on the television contract, the Saudi Government asked for help on military projects already underway. A diplomatic agreement for construction of military facilities (known as the Engineer Assistance Agreement) was signed on May 24, 1965, and has been the backbone of the Corps involvement in Saudi Arabia. Under the agreement, the Corps is authorized to provide complete engineering and construction management services for the design and construction of specified facilities for the Saudi military forces. One project, currently under design, is a military cantonment to accommodate three Saudi army brigades and 51,000 people.

In addition to work under the Engineer Assistance Agreement, the Corps is involved in foreign military sales programs; for example, it

- --manages the design and construction of ports and onshore facilities under the naval expansion program to meet the requirements of the Saudi navy;
- --reviews contractor design and construction under the Peace Hawk program; and
- --manages the design and construction of training, administration, and living accommodations for the national guard modernization program.

MAGNITUDE OF CORPS EFFORT

Although FMS conscruction agreements as of September 30, 1976, were shown in chapter 4 to be \$7.6 billion, the Corps has been required to include the Engineer Assistance Agreement work under FMS procedures only since December 1, 1975. Therefore, our review was directed to the total Corps effort in Saudi Arabia.

Dollar value of Corpsmanaged construction

As of July 12, 1976, the Corps of Engineers projects totaled over \$9 billion, as shown below:

	(millions)		
Completed Under construction Out for proposals Under design	\$ 276.8 894.4 1,135.6 6,768.2		
Total	\$9,075.0		

Note: Includes \$17.4 million for work for the Saudi Minister of Agriculture and Water, but not work for the Saudi Ordnance Corps.

Cost of Corps work

As shown below, Corps of Engineers costs charged to Saudi Arabia since fiscal year 1972 have amounted to about \$59 million.

	Fiscal year					
Program	1972	1973	1974	1975	1976	Total
			(thou	sands)		
Naval expansion program	\$ -	\$ 196.2	\$ 465.4	\$ 1,654.4	\$17,878.7	\$20,194.7
National guard modernization program	-	-	243.7	447.7	2,232.6	2,924.0
Ministry of Defense and Aviation	2.828.7	1,967.4	2,814.2	6,938.8	10,571.9	25,121.0
Other projects and activities	1,006.7	733.8	2,966.0	3,218.6	2,879.7	10,804.8
Total	\$ <u>3,835.4</u>	\$2,897.4	\$ <u>6,489.3</u>	\$12,259.5	\$33,562.9	\$59,044.5

In accordance with the Engineer Assistance Agreement, Saudi Arabia makes deposits to the Chase Manhattan Bank in the form of an irrevocable letter of credit for the Corps services and construction cost. The U.S. Treasury withdraws money from this account and makes them available to the Corps. All other projects not covered by the agreement are financed in accordance with FMS financial procedures. We did not make a financial analysis of the Corps costs; however, Corps officials told us that all costs are being recovered.

Personnel strength

Until recently, the activities in Saudi Arabia were supervised by the Corps Mediterranean Division headquartered in Livorno, Italy, through its district office in Riyadh, Saudi Arabia. On February 24, 1976, the Secretary of the Army announced the deactivation of the Mediterranean Division. Now known as the Middle East Division, the Division is headquartered in Riyadh, with some of its offices (that is, the engineering division) in Berryville, Virginia. At the time of our review, there were plans to expand the Middle East Division from its present one district office to three district offices. Corps officials said that 95 percent of the Middle East Division's work is in Saudi Arabia.

To accomplish its tasks, the Division had an authorized staff in October 1976 of 613 people in Saudi Arabia and 306 people in the United States to support the Corps Middle East effort. Corps personnel are stationed throughout Saudi Arabia, as shown in the frontispiece.

At the time of our review, the Corps was making a study to determine its future manpower requirements. Initial estimates show that by September 1977 it will have about 1,000 employees in Saudi Arabia and 322 in the United States.

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CORPS SERVICES

The Corps does most of its work in Saudi Arabia for the Saudi Ministry of Defense and Aviation. However, it does not appear that military engineering skills are required for all its tasks.

Shown below is a Corps analysis of its workload as of June 1976, expressed as a percentage of total square meters of construction.

Activity	Percent of workload
Family housing	60.0
Troop support	12.5
Industrial	9.0
Educational	6.5
Community support	4.0
Medical	4.0
Administrative	4.0
Total	100.0

Projects for the Ministry of Defense and Aviation under construction or out for proposal as of July 12, 1976, included

- --water wells at Al Batin, Riyadh, and Tabuk;
- --additions to the military cantonments at Tabuk and Khamis Mushayt;
- -- an officers club at Riyadh;
- -- fencing at Al Batin;
- -- family housing at Tabuk;
- --medical support facilities at Khamis Mushayt, Tabuk, and Jidda; and
- --a museum an library at Riyadh.

Corps officials agreed that the services could be provided by commercial enterprises. They stated, however, that the Corps has established high performance standards for construction and these standards are used by the Saudi Government to measure and evaluate other contractors.

WORK OTHER THAN CONSTRUCTION

Unrelated to its normal functions, the Corps has, since 1966, assisted Saudi Arabia in developing a modern logistics system for its Army Ordnance Corps. Diplomatic agreements between the United States and Saudi Arabia were signed on September 7, 1966, and October 17, 1967, to provide vehicles, a supply system for vehicle and conventional armament spare parts, and training on a reimbursable basis. The Corps was selected to manage this 5-year program after U.S. Army Materiel Command (now the U.S. Army Materiel Development and Readiness Command) and the U.S. Military Training Mission declined the task.

The total cost of the program was \$146.7 million, of which \$49 million was spent for vehicles, weapons, and spare parts. By 1972, the Saudi Ordnance Corps had a system for obtaining spare parts and fully equipped maintenance falities. However, it was not prepared to assume full management of the newly established logistics system, particularly for contracting and control of funds.

In 1972, a new 2-year arrangement was agreed to which provided for the Corps to assist the Saudi Ordnance Corps with a personal services contract. Corps duties included administering the personal services contract and training in programing, planning, budgeting, and contract administration and supervision. Total cost was \$131.6 million, of which \$90.3 million was U.S. procurement.

This contract was renewed through November 1976, and Corps officials said it will be extended again, through November 1977. Costs from 1974 through 1977 are estimated at \$444.2 million, bringing the total program value to \$722.5 million.

In June 1975, the Joint Chiefs of Staff and the Deputy Secretary of Defense directed that responsibility for the Saudi Ordnance Corps program be transferred from the Corps of Engineers to the U.S. Military Training Mission. Apparently, though, a Saudi Arabian official objected to the transfer, and the Corps will continue to manage the program.

Corps of Engineers officials said the Saudi Ordnance Corps could operate today without the Corps of Engineers with only a small amount of deficiency in operations. However, they said there is no indication of how long the Corps will be involved and there are no milestones for getting out.

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WHAT DOES THE FUTURE HOLD?

The Corps of Engineers commitment in Saudi Arabia will most likely continue for some time. The future, however, could have favorable impacts for American businessmen.

Construction work

Opinions vary as to how long the Corps will be in Saudi Arabia. Corps officials said Saudi Arabia has a shortage of trainable people and this will continue to be a problem for the Saudis in developing self-sufficiency in design and construction management. The officials said the Saudis are making good progress but have a long way to go.

Advantages for U.S. business

As of August 30, 1976, the Corps was managing 33 construction contracts valued at \$1.2 billion. U.S. contractors were handling 7 of these contracts (21 percent), valued at \$673 million, or 56 percent of the total contract amount.

According to Corps officials, not only will U.S. firms receive a share of the projected billions of dollars in Corps-managed construction programs, but also the amount of U.S.-manufactured construction materials used in the projects will probably increase.

We were told that the relocation of the Corps Middle East Division Engineering Group to Berryville, Virginia, is favorable for several reasons. It collocates the Engineering Division with the U.S. architect-engineer industry which produces nearly all engineering and design on this program. Readily accessible information on the program could increase the U.S. construction industry's share of the business. Construction specifications are generally written around U.S. products, specifications, and standards. Consequently construction firms will be guided toward the purchase of materials from the United States. Also, the Middle East Division will acquire certain products and equipment through a Corps-managed, centralized procurement effort in the United States.

CONCLUSION

In view of Saudi Arabia's future military construction plans, Corps of Engineers presence in Saudi Arabia will probably continue for an undeterminable number of years. Its role contributes to continuing good relations with the Saudi Arabian Government as well as provides opportunities for American business firms.

CHAPTER 10

ARMS CONTROL AFTER THE SALE

The Arms Export Control Act (formerly the Foreign Military Sales Act) limits the use of equipment and services sold through the foreign military sales program to the self-defense and collective security needs of the recipient country and prohibits the transfer of equipment and services to other countries without U.S. approval.

LACK OF CONTROLS IN SAUDI ARABIA

U.S. officials in Saudi Arabia told us that they have no physical control over FMS equipment after it is delivered and that they are not required to keep an up-to-date inventory of where it is physically located. The general locations of equipment are known, but the exact location of a particular piece of equipment is not. However, it is doubtful if the Saudis could move massive amounts of equipment without the knowledge of U.S. advisors in the field. In discussing this issue with U.S. military officials, the project manager for one FMS program commented that, in his opinion, control over the use of an item must be considered before the sale, because control is lost after the sale is made.

In connection with control of FMS items, we looked into the controls that had been exercised over equipment provided from 1957 through 1965 through the military assistance program (MAP). Major items of equipment were F-86 Sabre jets, trainer aircraft, trucks, and small watercraft.

We found that the U.S. Military Training Mission has not had accountability controls over MAP equipment since the late 1960s. The question of such accountability was raised several times in 1975 and was questioned by State Department auditors in early 1976. In response to these queries, the Mission asked the Defense Security Assistance Agency for a list of MAP equipment provided to Saudi Arabia and for guidance on procedures for relieving Saudi Arabia of accountability for the equipment. The Mission stated that its records were sketchy to nonexistent as to what had been provided to Saudi Arabia, and it dcubted whether the Saudi Government could identify the MAP property.

The Mission received a list of MAP equipment in March 1976 and initiated a search to physically locate it. At

the time of our review, most of the major equipment end items had been located or accounted for and were nonoperational or worthless. The Mission was starting to prepare a proposal by which the Saudi Government would purchase the residual rights of equipment still in use and dispose of items no longer operational. Perhaps if better controls had been exercised over the equipment, earlier initiatives could have been taken to sell the residual rights while it was operational.

CONTROL THROUGH MUNITIONS

We were told that the United States can exercise control over FMS equipment by controlling the munitions provided for any given item. Of major importance is the amount of war reserve materials (the necessary munitions to support activity in a war) sold in support of a weapon system. Usually measured in number of days, the amount of war reserve materials provides an indication of how long a country could sustain combat without resupply. These materials are in addition to normal day-to-day peacetime resupply requirements. Controlling munitions would limit the sustained use of such equipment in wartime.

Military commanders incountry were unable to provide us with approved Department of Defense policy guidance on the amount of war reserve material that would be sold in support of a weapons system. The project manager for the Saudi national guard modernization program said he has no guidance on war reserve material stock levels but that the national guard has not as yet asked for war reserves.

Generally, we found that spare parts were included in the FMS case for the equipment sold, but we noted instances in which the munitions to support a system were not included. For example, in the program to modernize the Saudi army, munitions for the tanks, howitzers, mortars, and machine guns were presented in a case separate from the FMS case for the equipment end items. In a more publicized case, the sale of Sidewinder missiles for the F-5 aircraft were not included in the sales case for the aircraft.

Inasmuch as the United States incurs a commitment to the purchasing country to sell munitions to support a weapon system, it follows that agreement on the level of support should be part of the sale. The Mission chief told us that selling an F-5 aircraft and not the Sidewinder missile for the F-5 is like selling someone a gun and then refusing to sell bullets for the gun. He agreed

that munitions should be included with the sale of a weapon system.

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CONCLUSION

In Saudi Arabia there were no physical controls to prevent the unauthorized use of FMS equipment and services. Furthermore, it appears that physical control after the sale may not be practical to achieve. An alternative to physical control may be to limit the amount of ammunition sold in support of a weapon system at the time the system is sold.

RECOMMENDATION

We recommend that the Secretary of State inform the Congress at the time of the proposed weapons system sales of the level of future munitions support that may be required; such as air-to-air and air-to-surface missiles and ammunition for tank guns. Such information would be most useful if measured in estimated days of sustained combat that the munitions would permit.

This information should be valuable to the Congress in controlling the capability of fighter aircraft and tanks sold to Saudi Arabia.

APPENDIX I APPENDIX I

SAUDI COMBAT SHIPS AND AIRCRAFT COMPARED WITH THOSE OF OTHER MIDDLE EAST COUNTRIES

	Comba	t ships	Combat a	aircraft
	On hand	On order	On hand	On order
aa		10	۸۶	60
Saudi Arabia	4	19	95	60
North Yemen	5	-	24	_
Lebanon	6	3	24	6
Oman	6	4	47	12
South Yemen	9	-	27	-
Jordan	12	-	42	36
Syria	19		400	Unknown
Kuwait	29	-	32	76
Iraq	29	-	247	10
Iran	56	23	238	465
Israel	66	3	461	55
Egypt	101	-	500	44

Note: Includes naval craft ranging from Jordanian small patrol craft to Spruance-class destroyers ordered by Iran. Source: The Military Balance, 1975-1976, The International Institute for Strategic Studies.

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SAUDI ARMY COMPARED WITH THOSE OF

OTHER MIDDLE EAST COUNTRIES

	<u>Personnel</u>	Armored	Mechanized	Infantry	Artillery
Egypt	275,000	2 divisions + 5 brigades	3 divisions + 2 brigades	5 divisions	4 brigades
Iran	175,000	3 divisions	-	4 divisions	-
Syria	150,000	2 divisions + 2 brigades	3 divisions + 1 brigade	3 brigades	2 brigades
Israel	135,000	10 brigades	9 brigades	9 brigades	3 brigades
Iraq	120,000	3 divisions	-	4 divisions	~~
Jordan	75,000	2 divisions	l division	2 divisions	-
Saudi Arabia	40,000	l brigade	2 brigades	2 brigades	3 battalions
North Yemen	30,000	2 battalions	-	6 brigades	2 battalions
South Yemen	15,200	2 battalions	-	9 brigades	l brigade
Lebanon	14,000	2 battalions	-	9 battalions	2 battalions
Oman	12,900	-	one.	6 battalions	l regiment
Kuwait	8,000	l brigade	(2 composite b	rigades, armoi	:/infantry/

GAO note: Generally there are 4 battalions per brigade, 4 brigades per division. Source: The Military Balance, 1975-1976.

APPENDIX III

PROFILE OF SAUDI ARABIA

Geography

APPENDIX III

AREA: 8/3,000 sq. mi. (one-third the size of US). CAPITAL: Riyadh (pop. 450,000). OTHER CITIES: Jidda (500,000), Mecca (250,000), Medina (150,000), Taif (100,000, Damman (100,000). AREA: 873,000 sq. mi. (one-third

People

POPULATION: 5.6 million (1974 est.).
ANNUAL GROWTH RATE: 3% (1974 est.).
DENSITY: 7 per sq. mi. ETHNIC GROUPS:
Primarily indigenous Arab tribes with
a mixture of peoples from other Arab and
Muslim countries. LANGUAGE: Arabic.
LITERACY: 25% (est.). LIPE EXPECTANCY: 45 yrs. (est.).

Government

TYPE: Monarchy. UNIFICATION: Sept. 24, 1932. DATE OF CONSTITUTION: None. BRANCHES: Executive--King (Chief of State and Head of Government), Legislative -none; consultative assemblies planned. Judicial--Islamic Courts of First Instance and Appeals.

POLITICAL PARTIES: None. POLITICAL SUBDIVISIONS: 6 major and 12 minor ProFLAG: Green and white; bears the Muslim creed in Arabic script. "There is no god but God; Muhammad is the Messenger of God." Under the script is a horizontal sword in white.

Economy

GDP: \$39.5 billion (1974 est.). ANNUAL GROWTH RATE: 196% GDP: \$6,991.

AGRICULTURE: Land 40%, mostly grazing; about 1% suitable for cultivation. Labor 75%. Products—dates, grains; vegetables, livestock.

INDUSTRY: Labor 10%. Products—petroleum production, refining, and marketing; fertilizer; cement.

NATURAL RESOURCES: Petroleum,

natural gas. TRADE: Exports--\$33.5 billion (1974):

principally petroleum. Partners--EEC 37%, Japan 15%, UK 8%, US 6% (1972). Imports-sapan 154, UK 64, US 64 (1972). Imports\$4 billion; transportation equipment,
machinery, foodstuffs. Partners--U.S. \$828
million, Japan, FRG. UK (1974).

OPFICIAL EXCHANGE RATE: 3.53

Saudi riyals = US \$1
ECONOMIC AID EXTENDED: Over \$3
billion (1974, bilateral and multilateral).
MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN and its specialized agencies, OPEC, Organization of Arab Petroleum Exporting Countries (OAPEC).

GAG note: Source, Department of State background notes, Oct. 1975.

APPENDIX IV

APPENDIX IV



DEPARTMENT OF STATE

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Washington D.C. 20520

LETTER UNCLASSIFIED WHEN DETACHED FROM GAO DRAFT REPORT COMMENTS

June 1, 1977

Mr. J. K. Fasick Director International Division U.S. General Accounting Office Washington, D. C. 20548

Dear Mr. Fasick:

I am replying to your letter of April 5, 1977, which forwarded copies of the draft report: "Perspective on Foreign Military Sales to Saudi Arabia."

The enclosed comments were prepared by the Acting Director, Bureau of Politico-Military Affairs.

We appreciate having had the opportunity to review and comment on the draft report. If I may be of further assistance, I trust you will let me know.

Sincerely,

Daniel L. Williamson, Jr. Deputy Assistant Secretary for Budget and Finance

Enclosure: As stated

APPENDIX V

APPINDIX V



DEFENSE SECURITY ASSISTANCE AGENCY AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA WASHINGTON, D.C. 20301

8 June 1977 In reply refer to: 1-21628/77

Mr. J. Kenneth Fasick Director, International Division U.S. General Accounting Office Washington, D.C. 20548

Dear Mr. Fasick:

This is in reply to your letter to the Secretary of Defense regarding GAO's draft report "Perspectives on Foreign Military Sales to Saudi Arabia," (OSD Case #4593), (ID-77-19).

We appreciate the opportunity to review the draft report. Although it was generally found to be an objective and factual presentation, we believe that certain portions of the report were based upon incomplete information and require change. For example, the draft erroneously indicates that the DOD did not consider all Saudi forces when studying the country's defense needs and recommends that this be done in future evaluations. Consequently, this recommendation, the only one addressed to the DOD, is not considered justified. In addition, the report points out the possible impact of providing technical training to Saudi Arabia but does not present the advantages. The DOD's more detailed comments are submitted for your consideration at the enclosure.

DOD is conducting the requested security classification review of the draft report and the results will be furnished separately.

Sincerely.

Attachment a/s

H. M. FIGH
Lieutenant General, USAF
Director, Detense Security Assistance Agency

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Deputy Assistant Secretary (ISA), Security Assistance





UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY WASHINGTON, D.C. 20451

May 17, 1977

Dear Mr. Fasick:

Mr. Hackett asked that we reply to your request for ACDA comments on the draft GAO report, Perspectives on Foreign Military Sales to Saudi Arabia. Our comments are attached. Although we read the entire report, our observations are confined to those portions that in our opinion involve arms control interests.

If you should have any questions concerning our comments, please contact Dr. Roger Pajak of this Division at 632-3474.

Sincerely,

pichard Hiller

Richard H. Wilcox Chief, Arms Transfers and Economics Division

Attachment:
As stated.

U.S. General Accounting
Office
441 G Street, N.W.
Washington, D.C. 20548
Attn: Mr. J. K. Fasick
Director, International Div.

APPENDIX VII APPENDIX VII

PRINCIPAL OFFICIALS

RESPONSIBLE FOR ACTIVITIES

DISCUSSED IN THIS REPORT

Tenure of office From To

DEPARTMENT OF STATE

SECRETARY OF STATE: Cyrus R. Vance Henry A. Kissinger William P. Rogers	Sept.	1977 1973 1969	Jan.	nt 1977 1973
DEPARTMENT OF D	EFENSE		-	
SECRETARY OF DEFENSE:				
Harold Brown	Jan.	1977	Prese	nt
Donald H. Rumsfeld	Nov.	1975	Jan.	1977
James R. Schlesinger	July	1973	Nov.	1975
William P. Clements (acting)	May	1973 1973	June	1973
Elliot L. Richardson				1973
Melvin R. Laird	Jan.	1969	Jan.	1973
ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS):				
Eugene V. McAuliffe		1976		nt
Amos A. Jordan (acting)		1975		1976
Robert Ellsworth		1974		1975
Amos A. Jordan		1974		1974
Robert C. Hill Lawrence S. Eagleburger	May	1973	Jan.	1974
(acting)	Jan.	1973	Apr.	1973
Dr. G. Warren Nutter	Mar.		•	
DEFENSE SECURITY ASSISTANCE AGENCY:				
Lt. Ger. Howard M. Fish	Aug.	1974	Prese	nt
Rear Adm. Raymond E. Peet	June			1974

(46346)